DNCA INVEST

Société d'investissement à capital variable
Registered Office: 60, avenue J.F. Kennedy L-1855 Luxembourg, Grand-Duchy of Luxembourg,
R.C.S. Luxembourg B 125.012
(the "**Fund**")

NOTICE TO THE SHAREHOLDERS
OF DNCA INVEST-GLOBAL ALPHA

Luxembourg, 23 December 2020

Dear Shareholder,

The board of directors of the Fund (the "**Board of Directors**") would like to inform you of important changes relating to the Fund's sub-fund DNCA INVEST-GLOBAL ALPHA (the "**Sub-Fund**").

Terms not otherwise defined in this notice will have the same meaning as those defined in the Fund's current prospectus ("Prospectus").

The Board of Directors has decided to deeply modify the investment policy of the Sub-Fund in order to refocus the investment strategy on new opportunities for shareholders based on an exposition to credit markets and more specifically to the high yield segment (corporate debt securities with high credit risk).

This modification involves an amendment of (i) the denomination, (ii) the type of fund, (iii) the investment objective, (iv) the investment strategy, (v) the description of categories of assets and financial contracts, (vi) the risk management method, (vii) the profile of the typical investor, (viii) the specific risk factors applicable to the Sub-Fund and the (ix) the benchmark index (the "**Changes**").

(i) Denomination

The Sub-Fund will be renamed "DNCA INVEST – LAFITENIA SUSTAIN BB" to reflect the new investment policy.

(ii) Type of fund

The Sub-Fund will no longer be an "Absolute Return Fund" but will become an "International Bonds Fund".

(iii) Investment objective

The investment objective of the Sub-Fund currently provides that:

"The Sub-Fund seeks to provide, throughout the recommended investment period of more than three years, a higher performance, net of any fees, than the EONIA index plus 2.5%. This performance objective is sought by associating it to a lower annual volatility than 10% in normal market conditions."

As from 25 January 2021, the investment objective of the Sub-Fund is to be amended as follows:

"*Through a discretionary strategy, the Sub-Fund seeks to benefit, throughout the recommended investment period of more than three years, from the performance of the Euro-denominated high-yield bonds market, from issuers of the private sector.*

Investors' attention is drawn to the fact that the management style is discretionary. The portfolio composition will not attempt to replicate the composition of a benchmark index from a geographical or sectorial perspective. Even so, the 50% Bloomberg Barclays Euro Corporate 500 – BBB index + 50% Bloomberg Barclays Euro High Yield BB Rating only composite index may be used as ex-post benchmark indicator".

(iv) Investment strategy

The investment strategy is refocused on a bond picking approach with an exposition to credit markets especially through the high yield segment. A responsible investment approach as part of the investment strategy is also introduced.

The investment strategy of the Sub-Fund currently provides that:

"*Based on absolute performance approach, the investment process is made of the combination of strategies including:*
- *A long/short directional strategy aiming to optimise the performance of the portfolio 182 based on all international interest rate, equity and currency markets;*
- *An arbitrage strategy aimed at seeking the relative value on various bond asset classes, equities and currencies.*

The Sub-Fund is actively managed using fundamental "top-down" approach based on macro- economic analysis, economic trends and market valuations. To this end, the Sub-Fund takes long and short positions across interest rate, equity and currency markets taking into consideration the attractiveness of the risk premium of these markets.
A specific exposure may be implemented for each asset class separately from the other asset classes.
In normal market conditions, the annual volatility will be limited to 10% and the annual contribution to volatility per asset class (bond, equity, currency) will be limited to 5%.
The overall modified duration of the Sub-Fund is comprised within a range from -3 and +7, without any restriction on the modified duration of individual securities in the Sub-Fund."

As from the 25 January 2021, the investment strategy of the Sub-Fund is to be amended as follows:

"The investment strategy consists of selecting bonds and money market instruments by adapting the investment program according to the economic situation and the Management Company expectations. The Sub-Fund aims to propose to investors an exposition to credit markets and more specifically to the high yield segment (corporate debt securities with a high credit risk).

The Sub-Fund will mainly invest in debt securities from issuers or issues which have Standard & Poor's rating between BB+ and BB- or being considered as equivalent by the Management Company using similar criteria at the time of purchase. But depending on the management team's conviction on credit market, the Sub-Fund could diversify its investments in debt securities from issuers or issues which have Standard & Poor's rating above BBB- or being considered as equivalent by the Management Company using similar criteria or in debt securities from issuers or issues which have Standard & Poor's rating below B+ or being considered as equivalent by the Management Company using similar criteria.
The Sub Fund will be diversified and will tend to have a minimum of 60 invested issues.

In addition, with the management style as described above, the Sub-Fund is managed taking into consideration responsible and sustainable principles. In this way, the investment process and resulting bond picking take into account internal scoring with respect to both corporate responsibility and sustainability of companies based on an extra-financial analysis through a proprietary rating model (ABA, Above & Beyond Analysis) developed internally by the Management Company. This model is centered on four pillars as further detailed below (i) corporate responsibility, (ii) sustainable transition, (iii) controversies and (iv) dialogue and engagement with issuers.

The risk exists that the models used to make these investment decisions do not perform the tasks they were designed to. The use of the proprietary tool relies on the experience, relationships and expertise of the Management Company.

The Sub-Fund integrates also ESG criteria with regard to direct investments including the definition of the investment universe and the reporting for all companies.

Corporate responsibility is a useful information's pool used to anticipate companies' risks especially looking at the interplay with their stakeholders: employees, supply chains, clients, local communities, and shareholders…, regardless of the sector of activities.

The analysis of corporate responsibility is broken down into four aspects: shareholders responsibility, environmental responsibility, responsibility towards workers and society responsibility. Each aspect is rated independently and weighted in accordance to how material it is for the company. Each dimension is broken down into a set of criteria, which are around 25 in total. This in-depth analysis, combining qualitative and quantitative research leads to a rating out of 10.

Moreover, the monitoring of the level of controversy is taken into account directly in the corporate responsibility and may affect the rating.

The sustainable transition focuses on the positive impacts' companies generate through their activities, products and services. The aim is to identify whether a company contributes to the sustainable transition. In the model, this pillar has been broken down into 5 major themes: demographic transition, medical transition, economic transition, lifestyle transition and ecological transition. Around 34 activities which contribute to the sustainable transition have been identified and integrated into the model.

The analysis and the internal rating are based on factual data published by the companies as well as continuous dialogue with company managers.

A strict controversial weapons analysis exclusion policy is implemented and is available on the website of the Management Company (https://www.dnca-investments.com/isr/Politique%20exclusion%20armements_FR-BE%2030%2010%2018.pdf).

Due to the responsible investment strategy, the Sub-Fund strictly excludes the following activities:

- *Tobacco production;*
- *Weapons production over than 10% of revenues;*
- *Coal production over than 10% of revenues;*
- *Extraction of metallurgical coal over than 10% of revenues;*
- *Any extraction of thermal coal;*
- *Unconventional oil and gas production over than 10% of revenues;*
- *Conventional oil and gas production over than 10% of revenues;*
- *Companies in severe breaches to UN Global Compact Principles.*

The Sub-Fund may not invest more than 5% of its net assets in issuers with the following activities:

- *Coal-based power generation over than 10% of revenues;*
- *Nuclear-based power generation over than 30% of revenues.*

Based on the conviction that the improvement of the best practice of issuers selected by the Management Company contributes to protect the client's investment value, the Management team has put in place a dialogue and engagement approach which aim to improve the consideration of ESG issues (corporate responsibility and sustainable transition) of issuers selected. This approach is based on a continuous interaction with issuers and the progress and achievements of issuer's engagement, through the analysis made in the proprietary tool of the Management Company. Interactions with issuers and site visits are the heart of our investment process and aim to contribute to the general enhancement of market practices and transparency on ESG issues.

More information about the proprietary rating model is available on the website of the Management Company (https://www.dnca-investments.com/isr/Poilitique%20d%27investisseur%20responsable_EN%2030%2010%2018.pdf).

With respect to investments in government bonds: this asset class is the subject of an extra-financial analysis in 7 dimensions comprising:

- *Governance: Rule of law, Respect for freedoms, Quality of institutions and the regulatory framework*
- *Politics: Democratic life*
- *Health: Demography and Quality of life*
- *Education and training*
- *Social cohesion: Inequalities, Employment, Social protection*
- *The climate: risks and energy policy*
- *Ecosystems: resources and protection*

All investments in this asset class are subject to an in-depth analysis of these dimensions and of a rating that is taken into account in the investment decision.

The result of the SRI approach will be binding on the Management Company.

The Sub-Fund is managed taking into consideration the requirements of the French SRI label, which entails the exclusion of at least 20% of the worst share issuers from its investment universe. As such the Sub-Fund will not invest in these issuers. The Management Company has also signed the AFG-FIR-EUROSIF transparency code for SRI funds that have obtained a Label for the general public.

Hence, the Management Company aims to select companies which, are considered, according to its own analysis, with a high quality in both financial and extra-financial approach, with a high capacity of resilience (i.e. ability to withstand an adverse and difficult environment), and recurrence (i.e. ability of a company to generate recurring cash flow enabling it to meet its debt maturities).

The investment process is based on the following three stages:

- *Selection of the investment universe combining a financial (quantitative and micro-economic) and extra-financial (qualitative) approach with two successive steps:*
  - *The selection of issuers pursuant to the financial approach described above,*
  - *the exclusion of issuers which have a high-risk profile in terms of corporate responsibility (rating below 2/10 in the ESG proprietary tool) or exposed to major controversies. This filter excludes a minimum of 20% of issuers based on the extra-financial analysis describes before.*
- *Structuration of the portfolio with a macroeconomic approach and an assessment of the investment conditions in the credit market.*
- *Build the portfolio taking into consideration the regulatory constraints and the investment process in order to establish the final selection.*

Strategic orientations regarding responsible investing are decided by an ESG committee within the Management Company."

(v) Description of categories of assets and financial contracts

The description of categories of assets and financial contracts currently provides that:

"The Sub-Fund may at any time invest:

- *up to 100% of its net assets in bonds or equivalent in any currency issued or guaranteed by OECD member states or issued by companies with their registered office in an OECD country, with no ratings restrictions;*

- *up to 50% of its net assets in bonds or equivalent in any currency issued or guaranteed by non OECD member states or issued by companies with their registered office out of an OECD country, having a rating of at least B by Standard & Poor's or being considered as equivalent by the Management Company using similar credit criteria at the time of purchase. When the issuer is not rated, the rating condition shall be fulfilled at the level of the selected issue. If a bond is downgraded to a notation under the B grade, the relevant asset will not be sold unless, in the opinion of the Management Company, it is in the interest of Shareholders to do so. Such downgraded bond may however not exceed a total of 10% of the Sub-Fund's total assets.*

The Sub-Fund invests in fixed rate, floating rate or inflation-indexed debt securities and negotiable debt within the following limits for specific bonds types:

- *Convertible or exchangeable bonds: up to 100% of its total assets;*
- *Contingent convertible bonds (Coco Bonds): up to 20% of its total assets.*

The Sub-Fund will not invest in securities which qualify, at the time of investment, as distressed or as "in default". Fixed income securities which may be downgraded to distressed or "in default" during their lifetime will be disposed of as soon as possible with due regards to the interest of shareholders. Such downgraded bond may however not exceed a total of 10% of the Sub-Fund's total assets.

The Sub-Fund's may be exposed to the equity market with a net exposure limit comprised between -20% and +30% of its total assets through investment in equities and similar instruments or rights attached to the ownership of these equities (without geographical constraints and with total market capitalization above 1 billion Euros), equity indices, convertible bonds, synthetic convertible bonds and in listed derivative instruments (such as options or futures).

The Sub-Fund will be exposed to a currency risk up to 100% of its total assets. The Sub-Fund may invest in securities denominated in any currency. However, non-base currency exposure may be hedged back to the base currency to moderate currency exchange risks. More specifically, futures, foreign exchange options, currency future options, and currency forwards may be used for that purpose.

The proportion of the Sub-Fund's investments in UCITS or regulated AIFs opened to non- professional investors (according to the European Directive 2011/61/EU) and qualifying as other UCIs according to Article 41(1) of the Law, shall not exceed 10% of its net asset.

In order to manage the Sub-Fund's cash position, the Sub-Fund may invest in money market instruments (treasury bill, annual interest treasury bills, commercial paper, Euro commercial paper, money market UCITS, etc.) up to 100% of its total assets. Substantial investments in money market instruments (other than for collateral purposes) will depend on the market circumstances and will only be on a temporary basis.

The Sub-Fund may not invest in mortgage-backed securities (MBS) or asset-backed securities (ABS).

The Sub-Fund will use all types of eligible derivatives instruments traded on regulated or OTC markets when these contracts are better suited to the management objective or offer lower trading costs. These instruments may include, but are not restricted to futures, options, swaps, CDS on indices and CDS.

Each derivative instrument addresses a specific hedging, arbitrage, relative value or exposure strategy to:

- *hedge the entire portfolio or certain classes of assets held within it against equity, interest and/or foreign exchange rate risks;*
- *synthetically rebuild specific assets;*
- *increase the Sub-Fund's exposure to interest-rate risks, equity risk and foreign exchange risks*
- *on the market.*

The Sub-Fund will use efficient portfolio management techniques (temporary repurchase transactions and reverse repurchase transactions and securities lending) in order to:

- *ensure the investment of the cash available (reverse repurchase agreement);*
- *optimise the performance of the portfolio (securities lending);*
- *establish an arbitrage position designed to profit from a widening rate spread.*"

As from the 25 January 2021, the description of categories of assets and financial contracts is to be amended as follows:

"The Sub-Fund mainly invests:

- *at least 40% of its net assets in debt securities (including bonds, notes or bills) from issuers or issues which have Standard & Poor's rating above or equal to BB- or being considered as equivalent by the Management Company using similar credit criteria at the time of purchase; and*
- *up to a maximum of 20% of its net assets in debt securities which have a Standard & Poor's rating below B-.*

When the issuer is not rated, the rating condition shall be fulfilled at the level of the selected issue. If a bond is downgraded to a notation under the B- grade, the relevant asset will not be sold unless, in the opinion of the Management Company, it is in the interest of Shareholders to do so. Such downgraded bond may however not exceed a total of 20% of the Sub-Fund's total assets.

The Sub-Fund will not invest in securities which qualify, at the time of investment, as distressed or as "in default". Fixed income securities which may be downgraded to distressed or "in default" during their lifetime will be disposed of as soon as possible with due regards to the interest of shareholders.

The Sub-Fund invests in interest rate securities denominated in Euro. The Sub-Fund may also invest in securities denominated in USD, CHF, GBP, YEN, AUD, CAD, NOK, SEK and DKK.

The Sub-Fund may invest up to 100% of its net assets in securities of issuers having their registered office in OECD countries. Investment in issuers having their registered office in non-OECD countries (including emerging countries) will be limited to 30% of the net assets of the Sub-Fund.

As a result of investment in convertible bonds, synthetic convertible bonds and in listed derivative instruments on equity or equity indices, the Sub-Fund's may be exposed to the stock market but such exposure - considering the sensitivity of convertible bonds price to stock market changes - will be limited to up 10% of the Sub-Fund's total assets.

The overall modified duration of the Sub-Fund is comprised within a range from 0 and +10 in normal market conditions, without any restriction on the modified duration of individual securities in the Sub-Fund.

The Sub-Fund may invest up to 20% of its net assets in contingent convertibles bonds.

The proportion of the Sub-Fund's investments in UCITS or regulated AIFs opened to non-professional investors (according to the European Directive 2011/61/EU) and qualifying as other UCIs according to Article 41(1) of the Law, including ETFs, shall not exceed 10% of its net asset.

The Sub-Fund may invest in securities denominated in currencies other than Euro. However, non-base currency exposure may be hedged back to the base currency to moderate currency exchange risks. More specifically, futures and currency forwards may be used for that purpose. The currency exchange risk will not represent more than 10% of the total assets of the Sub-Fund.

In order to achieve the investment objective, the Sub-Fund may use all types of eligible derivatives instruments traded on regulated or OTC markets such as, but not limited to futures, options, swaps, CDS on indices, CDS for the purpose of hedging, exposure and arbitrage of equity risk, interest rate risk, indices risk and credit risk.

The Sub-Fund may not invest in mortgage-backed securities (MBS) or asset-backed securities (ABS).

The Sub-Fund may use techniques and instruments relating to transferable securities and money market instruments for efficient portfolio management."

(vi) Risk management method

As part of the Changes, the Board of Directors has decided to change the Sub-Fund's global risk exposure calculation methodology. As from 25 January 2021, the Absolute Value-at-Risk (VaR) method will be replaced by the Commitment approach which the Board of Directors deems more appropriated considering that the global exposure related to positions on financial derivative instruments will not exceed the Sub-Fund's net assets value.

(vii) Profile of the typical investor

As a result of the Changes, the profile of the typical investor will be adapted.

The profile of the typical investor of the Sub-Fund currently provides that:

"The Sub-Fund is intended primarily for investors seeking to diversify their traditional exposure to bond and equity market through a discretionary strategy. The reasonable amount to invest in this Sub-Fund depends on the personal financial situation of the investor. To determine this, the investor should take into account his personal assets and current requirements, and also his willingness to take risks or his wish to favour a prudent investment. The investor is also strongly advised to diversify its investments so as not to expose him solely to the risks of this Sub-Fund."

As from the 25 January 2021, the profile of the typical investor of the Sub-Fund will be read as follow:

"The Sub-Fund is intended primarily for investors seeking to obtain higher income than available from traditional fixed income portfolios. The reasonable amount to invest in this Sub-Fund depends on the personal financial situation of the investor. To determine this, the investor should take into account his personal assets and current requirements, and also his willingness to take risks or his wish to favour a prudent investment. The investor is also strongly advised to diversify its investments so as not to expose him solely to the risks of this Sub-Fund."

(viii) Specific risk factors applicable to the Sub-Fund

Specific risk factors relating to (i) investment in contingent convertibles bonds and (ii) ESG have been added to the risk profile of the Sub-Fund according to its new investment policy.

(ix) Benchmark

As part of the Changes, the benchmark index currently used by the Sub-Fund, EONIA index +2.5%, will be replaced, as from 25 January 2021, by the composite index 50% Bloomberg Barclays Euro Corporate 500 – BBB index (Bloomberg code LE5BTREU) + 50% Bloomberg Barclays Euro High Yield BB Rating only index (Bloomberg code LP07TREU) which is international bonds-oriented according to the new investment policy of the Sub-Fund.

There will be no change in the role played by the benchmark as the Sub-Fund will continue to use it for the calculation of the performance fee and performance comparison purposes. Shareholders should therefore note that the performance fee methodology will therefore be based on a composite index as described above.

If you deem that the Changes do no longer meet your investments requirements, you may apply for redemption of your shares, free of charge, until 22 January 2021 at 12:00 a.m. (Luxembourg time). The Changes will take effect on 25 January 2021.

The Changes will be included in the next update of the Prospectus and the KIIDs of the Sub-Fund which may be obtained free of charge upon request at the Fund's registered office at the address stated above.

Our sales team remain at your disposal should you need additional information about the Changes.

Yours faithfully,

The Board of Directors
DNCA INVEST